Fiscal Note

Fiscal Services Division

SF 2315 – Adult Mental Health and Disability Services System Redesign (LSB 5488SV.2)
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Fiscal Note Version – As amended by H-8330

Description

House amendment **H-8330** will create a new Mental Health levy beginning July 1, 2013, with a cap of $125.8 million, the same dollar amount as the current levy. The levy will be converted to a county per capita dollar amount based on general population of $41.28 and reduced over five years with dollar-for-dollar property tax relief from the State. If in any fiscal year a county's base year levy cap is less than the per capita dollar amount, the State will provide an equalization payment to make up the difference. In addition, the amendment provides a statewide per capita expenditure target set at $41.28 per capita plus growth. The growth is set at 3.0% for the first year and is set by the General Assembly in subsequent years. If the General Assembly does not provide adequate funds to meet the per capita expenditure, target counties are allowed to levy the funds necessary to meet that target.

Background

Counties are limited to the current maximum Mental Health Property Tax Levy of $125.8 million for FY 2013. In FY 2012, counties levied $118.3 million. **Senate File 209** (Tax Changes and Supplemental Appropriations Act) repealed the current Mental Health Property Tax Levy effective July 1, 2013.

Assumptions

In FY 2014, counties that levy more than $41.28 per capita will be required to reduce their property tax levy to $41.28 to meet a new per capita dollar cap. This will reduce property taxes by $17.3 million. In addition, counties with per capita rates less than $41.28 per capita target will receive State appropriations to meet that target. It is estimated that it will cost the State $17.3 million to bring all counties below the target up to $41.28 per capita.

In FY 2015 to FY 2018, the per capita property tax dollar target will be reduced annually by $10.32 with the State providing dollar-for-dollar property tax relief each time the rate is reduced. The State will continue to provide equalization dollars to meet the target rates for counties that levy below the target.

The General Assembly will provide an annual growth appropriation for county Mental Health non-Medicaid expenditures based on a percentage increase for both State and county dollars over the base year of $41.28 per capita. For FY 2014, that growth is set at 3.0%. No growth has been set for FY 2015 through FY 2018, but for purposes of illustration 3.0% is used in this fiscal analysis.

Fiscal Impact

For purposes of illustration, **Table 1** below illustrates the estimated annual cost to the General Fund when 3.0% annual growth is assumed.

Table 1
Five-Year Levy Buyout and Non-Medicaid Growth

Fiscal Year	County Levy Buyout	3.0% Growth	State Dollars
FY 2014	$ 17,331,680	$ 3,773,456	$ 21,105,135
FY 2015	18,722,600	3,885,784	22,608,384
FY 2016	27,076,619	4,002,358	31,078,977
FY 2017	31,184,252	4,122,428	35,306,681
FY 2018	31,438,384	4,246,101	35,684,485
	$ 125,753,535	$ 20,030,127	$ 145,783,662

Sources
LSA Analysis

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.